

~~CONFIDENTIAL~~  
~~SECRET~~

March 27, 1961

50X1

Reference: Contract 

50X1

Subject: Status Report

Gentlemen:

A prototype of each type of supply, plus operating and maintenance manuals, have been delivered and are now being evaluated. We have purchased and received all components for nine more units of each type, as called for under the contract, but have delayed assembly for a time while waiting to hear the results of the evaluation of the first units. We were subsequently advised to continue production pending completion of the evaluation. This interruption has delayed us somewhat and we request an extension of the contract for one month from March 17 to April 17 to permit us to complete the assembly, test, and ship the remaining units.

Our total expenditure to date, which includes all parts and materials, is \$10,072. We estimate that \$2,436 will be required to finish assembly, test and ship the remaining units. We realize that this is above the contract amount and that the Government should have been notified before this time when we were at the 80% expenditure point. Such notification was not given since purchasing of the material for the remaining units was handled by a new buyer who had just assumed this responsibility. Our Controller was not made aware of this procurement before it was made.

The present situation then, is that we have all necessary materials to make nine more units of each type of supply identical to the prototypes recently shipped. Engineering and development is entirely complete and only assembly and test time remains to complete them. We could fully complete this if the contract were extended from March 17 to April 17 and an additional expenditure of \$2,808 authorized. A detailed schedule of our expenditures and costs to complete is attached, and following is an explanation of the cause of this overrun:

DOC	14	REV DATE	12 MAR 1980	BY	064540
ORIG COMP	056	OPI	56	TYPE	01
ORIG CLASS	5	PAGES	2	REV CLASS	C
JUST	22	NEXT REV	2010	AUTH:	HR 14-2

~~SECRET~~

CONFIDENTIAL

~~CONFIDENTIAL~~  
~~SECRET~~

- 2 -

March 27, 1961

50X1

INCREASE IN DEVELOPMENT COSTS

\$1,455

The selection and testing of miniature components for use in power supplies of this small size required considerably more time than we had initially anticipated. Many components, especially transformers, failed under test and it was then necessary to select and test new components. Testing time for the prototype units, which has been included in this category, has exceeded that anticipated due to the special tests required. The actual engineering overhead rate for 1960 was 15 percentage points over the estimated rate, causing a minor increase in cost.

INCREASE IN PRODUCTION COSTS

\$ 982

Since completing the prototype units, we have revised our per unit production time estimates. The size and compactness of these supplies requires considerably more assembly time than was anticipated.

OTHER INCREASES

\$ 371

Increases in development and production costs have occasioned a corresponding increase in General and Administrative Expense. Actual 1960 G&A increased 1.4 percentage points over the estimated rate included in the contract.

We assume that the prototype units are satisfactory and that no changes or modifications will be required to these remaining units.

Very truly yours,



Vice President

50X1

50X1

~~SECRET~~

CONFIDENTIAL